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Demand and Price

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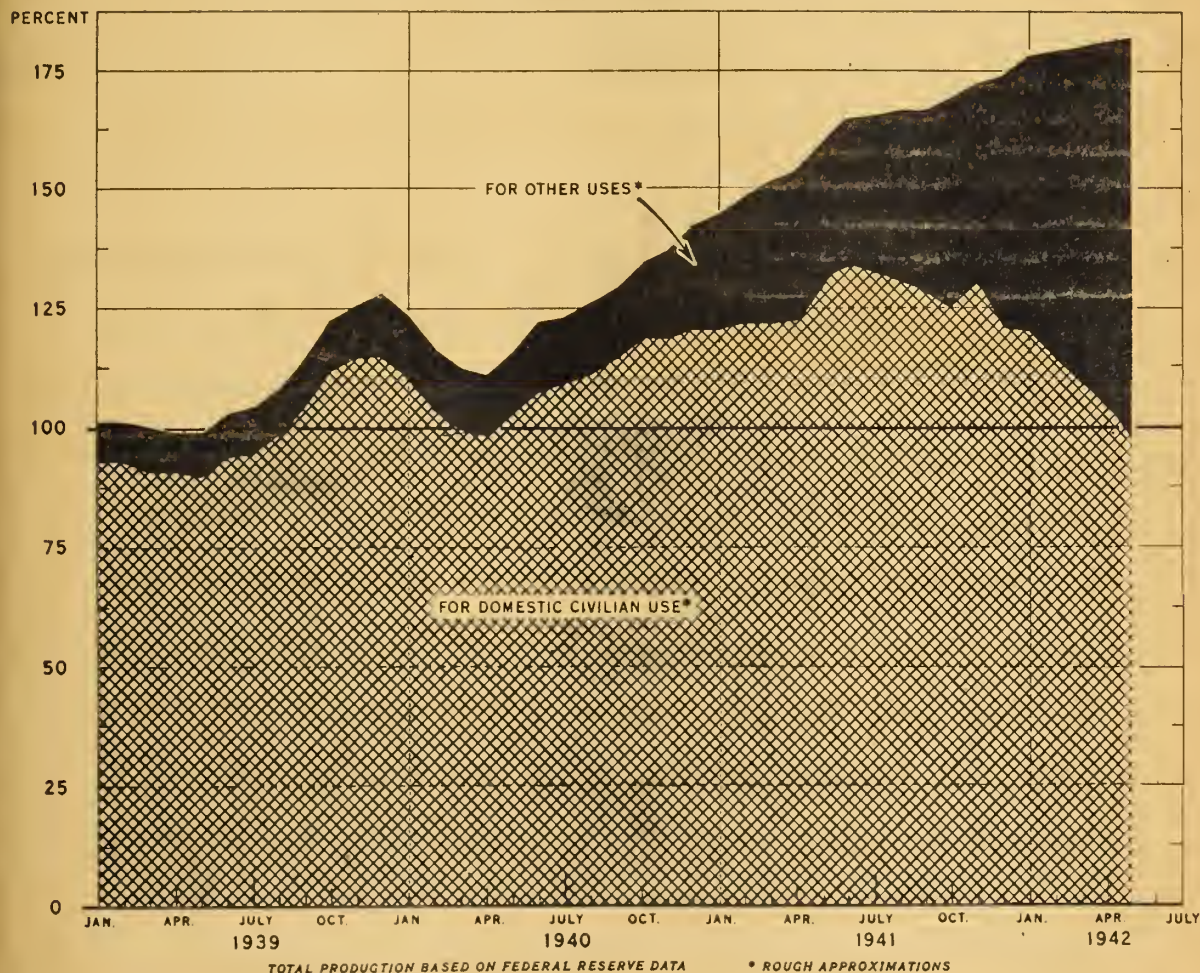
WASHINGTON, D. C.

BAE

JUNE 1942

FACTORY PRODUCTION IN THE UNITED STATES, 1939-42

INDEX NUMBERS (1935-39=100) ADJUSTED FOR SEASONAL VARIATION



U. S. DEPARTMENT OF AGRICULTURE

NEG. 39160 BUREAU OF AGRICULTURAL ECONOMICS

OUTPUT OF FACTORY PRODUCTS FOR DOMESTIC CIVILIAN USE APPEARS TO HAVE CONTINUED TO INCREASE UNTIL MID-1941, AND THEN TO HAVE HELD CLOSE TO THE PEAK THROUGH NOVEMBER. THEREAFTER IT FELL SHARPLY. THIS DOES NOT MEAN THAT THE AGGREGATE AMOUNT OF GOODS AVAILABLE TO CONSUMERS HAS DROPPED CORRESPONDINGLY, SINCE DURING 1941 THERE WERE LARGE ADDITIONS TO INVENTORIES IN HANDS OF BOTH MANUFACTURERS AND DISTRIBUTORS. THESE LARGE STOCKS WILL BE DRAWN UPON TO MEET A PART OF CONSUMER DEMAND THIS YEAR. HOWEVER, ALREADY A GROWING NUMBER OF INDIVIDUAL DURABLE GOODS ITEMS (SUCH AS AUTOMOBILES) EITHER CANNOT BE PURCHASED AT ALL BY THE GENERAL PUBLIC OR ARE NOT IN ADEQUATE SUPPLY FOR ALL NEEDS; AND THIS SITUATION WILL GRADUALLY BECOME MORE GENERAL.

SUMMARY

Conditions affecting the consumer demand for farm products were relatively stable during the first quarter of 1942 but again picked up at the start of the second quarter. The renewed improvement results from a great expansion in war goods production which is exceeding by a substantial amount the curtailment in output of goods for civilian use. Although gains in general productive activity and consumer income as large as those during 1941 are not anticipated, the general trend is expected to continue upward through the remainder of 1942.

The expected improvement in conditions affecting the domestic demand for farm products during the remainder of 1942 will tend to push prices higher. Working in the other direction will be the prospective larger marketings of livestock and their products, generally favorable crop prospects, and the indirect effects (on prices received by farmers) of wholesale and retail price ceilings. These conflicting forces are expected to result in relatively small changes in the general level of prices received by farmers during the remainder of the year compared with the similar period of 1941. On the basis of the present price and marketing outlook an increase in income from farm marketings of at least the usual seasonal proportion is expected from now until next October.

A record production of eggs is in prospect for the remainder of 1942, also the supply of chickens will be larger than a year earlier. Price conditions are relatively favorable. Milk production thus far in 1942 has been about 4 percent larger than in the corresponding months of 1941, but with dairy products-feed price ratios slightly lower than the long-time average, milk output for the year as a whole may show a somewhat smaller relative gain.

The expected increase of 15 to 20 percent in hog slaughter this summer over last will not be as large as the increase in lend-lease and military requirements for pork and lard, and consumer demand for meats this summer is also stronger. However, with pork and lard prices subject to "ceilings," no material change in hog prices appears likely during the next few months. Strong military demand for the lower grades of beef has been a factor in recent price advances for lower grade cattle. The upper grades of slaughter cattle have declined in price and recently were about at their March level in line with the highest March prices (designated as ceiling prices by OPA order) for beef.

Mill consumption of apparel wool in April averaged 11.1 million pounds per week, scoured basis - a new high record despite restriction on civilian uses. Large military needs assure a continued record rate of mill operations during the remainder of the year. Consumption of cotton is near record levels and is expected to go still higher as mills attempt to meet larger military requirements.

Wheat prices have declined about 15 cents since mid-March to the lowest level since last October. The decline has been due largely to plentiful supplies of "free" wheat, favorable crop prospects and crowded storage facilities. Present prices are 15 to 30 cents below what the Government will loan on this year's crop. Feed-grain supplies in the 1942-43 season are expected to be about 10 percent smaller per grain-consuming animal unit than the 1937-41 average. However, hay prospects are unusually good and production is expected to exceed 100 million tons for the fifth consecutive year.

Fruit production in the 1942-43 season will be large but somewhat smaller than that of last season. With large prospective lend-lease and military needs, fresh fruit prices will average considerably higher during the current season than during last season. Supplies of fresh vegetables

are more abundant this year than last but because of improved domestic demand prices are averaging higher. Early potato prices are much higher than they were a year earlier although early and intermediate production is expected to total only slightly less than in 1941.

There were some signs of price weakness in the fats and oils market during May and early June for the first time in several months. Price ceilings have removed some of the incentive for dealers, industrial and institutional users to build up inventories, but unless restrictions on consumption are imposed prospects continue favorable to a total disappearance in 1942 equal to or in excess of the 11 billion pound mark reached in 1941. Lend-lease purchases alone may exceed 1 billion pounds this year; they may be even larger in 1943.

-- June 15, 1942

DEMAND

Conditions affecting the consumer demand for farm products were relatively stable during the first quarter of 1942, but again picked up at the start of the second quarter. Although gains in productive activity and consumer income comparable in extent to those in effect during much of 1941 are not anticipated, the general trend is expected to be upward during the remainder of 1942.

In April the largest gains since January (in some instances the first) were shown by seasonally adjusted indices of industrial production, industrial workers' income, factory pay rolls and income payments; and in each instance new all-time peaks were reached. The renewed improvement in conditions which affect domestic demand for farm products results from increased war activity, the effect of which has reached a stage where it more than offsets the curtailment in civilian production. It is estimated that factory production for purposes other than for domestic civilian use increased from November 1941 to May 1942 by around 40 points in terms of the Federal Reserve index. But the decline in production for domestic civilian use during this period held the net increase in factory output to around 10 points.

Employment trends reveal rather clearly the divergent effects on business activity induced by the war program. There have been substantial declines in employment in trade and in construction since late 1941 (according to seasonally adjusted data); factory employment has remained almost constant, and Government employment has gained rapidly. The declines in trade and construction employment are explained by curtailment of civilian uses of strategic materials, cutting sharply into or eliminating entirely some important segments of civilian activity, such as automobile (new) selling

and home building of a nondefense nature. The failure of factory employment to gain since the United States entered the war is due to the balancing effects of reduced employment in the production of consumer goods on the one hand and increased employment for war production on the other. The large increase in civilian Government employment results from growing Government controls (price, priority, production, etc.) in connection with the war effort. Additional effects of the war on employment are to be noted in the sharp curtailment in WPA, CCC, and NYA.

The most recent curtailments or eliminations of production of additional civilian durable goods came after sufficient forewarning to permit producers to shift to war goods with a minimum effect on working forces. Although a large portion of the entire durable goods output is now for war, there will be a further considerable decline in production for civilian uses. However, these declines probably will be more gradual than those during the first half of 1942 and not sufficient to offset fully the effects of the great expansion in war goods which is now under way.

THE GENERAL PRICE LEVEL

The broadened Government price controls have now been in effect about a month, since May 11 for wholesale prices and May 18 for retail prices. Because of temporary indirect effects, the general trend of prices during the early weeks of broadened controls cannot be taken as a complete guide of the ultimate level of prices under wartime controls. Merchants who had been buying further in advance than normally because they anticipated additional price rises no longer have this incentive. In some instances this may halt temporarily the purchase of commodities of which there are large inventory accumulations or even result in a general revision of purchasing policies for the duration of the war. Similarly, the incentive of consumers to accumulate commodities because of expected further price increases will disappear, although threatened shortages of a growing list of consumer items will continue to induce forward buying. It is apparent that in the early weeks of the period of broadened controls such indirect influences as these may be more important than the direct effects.

The more permanent effects of price controls will become evident after purchasing programs have been reoriented, inventories adjusted where necessary, and the effects on prices of a growing demand by civilians for a declining supply of goods is no longer offset by the indirect effects. In the meantime the Administration is attempting to bring the buying power of consumers into better balance with available goods. Steps in this direction include higher taxes, restriction of retail credit, increased emphasis on the war-bond selling campaign, and the proposed "freezing" of employees in strategic jobs to stop the bidding up of wages induced by labor scarcity.

Between May 9 (the last weekday before broadened controls) and May 27 there was practically no change in the BLS wholesale price index of 28 basic commodities. There had also been little change during the preceding 6 weeks. But in the week following May 27 the index declined about 1 percent; most of the decline was in commodities not subject to direct controls (agricultural and food).

FARM INCOME AND PRICES

Cash income from farm marketings increased considerably more than usual between March and April and after allowance for seasonal changes income reached the highest point of any month for which data are available back to 1924. The larger-than-seasonal increase in income from marketings in April was due largely to increased marketings of and higher prices for hogs and butterfat, increased marketings of eggs, and increased income from redeemed cotton which had been placed under Government loan in 1941. Despite the larger-than-seasonal increase in income from sales in April, present supply and demand conditions for farm products are favorable to a normal seasonal increase in income from now until the usual seasonal peak is reached in October. Growing conditions of crops are generally favorable, pastures are good, continued heavy marketings of livestock and its products are assured, lend-lease requirements for food are large, and consumer demand is strong.

Prices received by farmers advanced another 2 points from mid-April to mid-May, compared with a 4-point gain from March to April. At 152 percent of the 1910-14 average in May, the general index of prices received was the highest in about 14 years, but even so was only up to its 1910-14 pre-World War I relation to prices paid, interest and taxes. The prices-paid index rose one point in April, and also was at 152 percent of the 1910-14 average. While there are a few minor exceptions, prices received by farmers generally are not subject to direct price ceilings. However, a number of processed agricultural products are subject to ceilings both at wholesale and retail and the indirect effects of these ceilings may be to prevent a much further rise in the prices received by farmers for many important farm products. On the other hand, there are several reasons why prices received by farmers generally are not likely to decline much from recent improved levels. The parity loan rates on wheat and corn will be somewhat higher than present local market prices, consumer income is increasing, Government purchases under lend-lease are expanding, and the forced reduction of expenditure for durable consumer goods tends to increase the amount available for food and other nondurable items. Under these conditions farm prices in coming months are expected to be relatively stable and changes in income from marketings may be more dependent than usual on changes in the volume of farm marketings.

Preliminary indications based on price changes in central markets are that mid-June will show some recession in the index of prices received by farmers compared with mid-May, with declines fairly large in prices of cotton, wheat and rye. Light mill and speculative buying of cotton, generally favorable crop prospects, and optimistic war reports were factors in the decline of cotton prices, while wheat prices have been affected by plentiful supplies of "free" wheat, favorable crop prospects and crowded storage conditions.

COTTON

Cotton prices dropped 2 cents during the month ended June 8, the sharpest decline since the fall of 1937. This brought prices to the lowest level since January 2, and 2-1/5 cents below the 13-year high which was established in early April. By June 13 prices had recovered about one-half cent.

The cotton market was generally weak during most of the period. It has been adversely affected by price control sentiment, favorable crop prospects, proposals for the Government to buy and sell certain commodities, the Executive Order to permit duty-free importation of war materials purchased abroad, optimistic war reports, and light mill and speculative buying. Mill consumption totaled 957,000 bales during May. The slight decline from the April record was due in part to the smaller number of working days. The outlook is for even higher consumption in coming months.

WHEAT

Wheat prices are moderately below prices a month ago and near the lowest levels since last October. This is the result of plentiful supplies of "free" wheat, promising crop prospects, and crowded storage facilities. On the other hand, domestic prices, as a result of the price-supporting influence of our loan program, remain relatively high compared with levels in other exporting countries. Prices of United States wheat at Buffalo continue more than the 42 cent tariff above prices of Canadian wheat of comparable quality at the same market.

Large crops in 1940 and 1941 and reduced opportunities to export will result in an increase in the July 1 carry-over of wheat from 282 million bushels in 1940 to a record of about 650 million bushels in 1942. A total crop of 868 million bushels was indicated by the official crop report of June 10, consisting of 647 million bushels of winter wheat and 221 million bushels of spring. If a crop of this size and a carry-over of 630 million bushels are realized, total supplies for the year beginning July 1, 1942 will approximate 1,500 million bushels. The total in 1941-42 was 1,331 million bushels, consisting of a carry-over of 385 million bushels and a crop of 946 million bushels.

While the 1942 supply will be the largest in the country's history, much of it will be held off the market. It is likely that more than half of the carry-over on July 1 will be in producers' pools, under Government ownership, or still under loan; and if space can be obtained a quantity approaching one half of the new crop may be stored under loan. This reduction in the quantity of "free" wheat available to the market, together with the fact that the national average loan rate to growers for the new crop has been raised 16 cents above a year ago, may be expected to result in advancing prices later in the year following a period of seasonally low levels. In mid-June prices at Kansas City (hard winter) and at Minneapolis (hard spring) were 15 and 21 cents below the new loan rates.

CORN AND OTHER FEED

Crop prospects on June 1 indicate that the 1942-43 supply of four principal feed grains in the United States will be about 125 million tons, 4 percent smaller than the 1941-42 supply. Livestock numbers are increasing and the supply per grain-consuming animal unit may be about 10 percent smaller and also below the 1937-41 average. The June 1 carry-over of barley plus the indicated crop results in a total supply of 483 million bushels, 54 million bushels larger than the record supply last year. The indicated oats crop is 76 million bushels larger than the 1941 crop and the 1942-43 oats supply probably will be a little larger than the 1941-42 supply of 1,400 million bushels. The corn supply depends largely on growing conditions during the next 2 or 3 months, but present indications are that it may be somewhat smaller than the large 1941-42 supply. Hay prospects are unusually good and the hay supply is expected to exceed 100 million tons for the fifth consecutive year.

Prices of most feeds declined during the past month in response to favorable crop prospects and increased feeding value of pastures. Wheat millfeeds are a little below recently established ceilings, while tankage

and meat scraps prices remain at about ceiling levels. The maximum price regulation for tankage and meat scraps has been amended to provide differentials in the price ceilings on these feeds by zones. Maximum prices were set in eight zones for meat scraps and three zones for tankage, bulk, less than carload lots f.o.b. conveyance at production plant or seller's warehouse. The amended regulation makes price ceilings uniform within zones so as to place manufacturers on a more nearly equal competitive position in purchasing raw materials. The zone prices for tankage range from \$66 to \$71 per ton and for meat scraps from \$58 to \$70 per ton. The price of soybean meal has declined \$6 to \$8 per ton in recent weeks and soybean meal is cheap relative to tankage in most sections of the Corn Belt.

LAMBS

Except for Texas yearlings, marketing of which has been delayed because of unfavorable weather this spring, the movement of old crop lambs is about over. Early spring lambs are now coming to market in considerable volume, however, and total supplies of sheep and lambs for slaughter is expected to be at least as large this summer as last. Reports are that a considerable number of Texas yearlings were placed in feed lots during May, which will delay the usual market movement of these lambs by about a month.

Lamb prices declined somewhat in late May and early June following the sharp advance during April and early May. But prices are still considerably above the level which prevailed during the late winter and spring. The average price of Good and Choice new-crop lambs at Kansas City in early June was \$14.00, compared with the peak price of \$14.50 reached in May and \$11.90 in the corresponding week of 1941.

The Army and Navy are in need of large quantities of shearling pelts for use in flying suits. Shearlings are sheep and lamb pelts carrying a wool growth of 1/4 to 1 inch in length. The amount and quality of wool carried by sheep and lambs at time of slaughter is an important factor affecting their price. The "pelt credit" for lambs with desirable shearling skins is now around \$2 compared with only 40 cents for freshly shorn lambs.

FATS AND OILS

A slackening of demand, the first sign of weakness in several months, was noted in May and early June in wholesale markets for fats and oils. With maximum wholesale and retail prices now in effect, there is little incentive for dealers and industrial and institutional consumers to maintain inventories of finished goods beyond normal needs. Some liquidation of excess inventories of finished fats and oils apparently is taking place, with a consequent decline in sales by manufacturers.

The current reduction in wholesale purchases may result in a smaller factory consumption of primary fats and oils in the second quarter of 1942 than in the first. But with consumer purchasing power expected to rise still further during the year and with maximum prices in effect, a high rate of retail purchases of goods manufactured from fats and oils is in prospect. Hence, the rate of factory operations may be increased in the second half of the year. In the absence of governmental restrictions, total domestic disappearance of primary fats and oils in 1942 probably will equal or exceed the 11 billion pound mark reached in 1941.

Purchases for lend-lease shipment will add to requirements for fats and oils. According to present indications, more than 1 billion pounds will be purchased by the Department of Agriculture mainly for this purpose this year. Purchases in 1943 are likely to be even larger.

HOGS

The weekly rate of hog marketings picked up sharply during May, and it appears likely that the expected increase of around 15 to 20 percent in hog slaughter this summer over last (June-September) will materialize. Supplies of pork and lard for domestic consumption will be smaller than they were in 1941, however, because of the large lend-lease and military requirements for these products. Consumer requirements for meats this summer are expected to be around 20 percent greater than a year earlier, and this together with the smaller supplies available for civilian distribution will prevent any reduction in hog prices during the next few months.

Hog prices have fluctuated moderately during the past 2 months at about the maximum level permitted under the existing price regulation for pork and lard. The average price of all hogs at Chicago for the week ended June 6 was \$14.25, compared with the average for April and May of around \$14.10. The temporary maximum wholesale prices for pork which became effective March 11 was placed on a permanent basis in May. With slight exceptions, the provisions of the permanent order were little different from those of the revised temporary order which fixed the ceilings for wholesale prices of pork at approximately the level prevailing during the first week of March. Ceiling prices for refined lard also were revised downward in early June, but the revision was not great enough to materially affect prices of live hogs.

About 160 million pounds of pork and 70 million pounds of lard were purchased by the Department of Agriculture during May. These quantities, although large with respect to production, were somewhat smaller than the large purchases made during April. Inspected hog slaughter during May totaled about 4.3 million head, 3 percent more than in April and 7 percent more than in May last year.

CATTLE

Prices of the upper grades of slaughter cattle declined about \$1.00 during the past 6 weeks, and are now fairly well in line with highest March prices for beef. Prices of the lower grades of slaughter cattle have advanced 50 to 75 cents during the period, however, and are well above highest March prices. Ceiling prices were not established for the separate grades of beef, but to the extent that the different wholesale and retail trade outlets customarily have handled distinctly different qualities of meats, grade differentials are reflected in the ceiling prices of individual sellers. Demand for the lower grades of cattle has been stimulated by large Army requisitions and prices have advanced despite the ceilings on beef. The average price of Good grade beef steers at Chicago in early June at \$13.30 was about 70 cents lower than the peak price of April and about the same as the highest prices reached in March. The early June price last year was a little under \$10.00.

Feeder cattle prices in recent weeks have averaged around \$1 higher than in March, reflecting the strong slaughter demand for the lower grades of cattle. Purchases of feeder cattle at this time of the year are relatively small, but if the narrow spread between feeder and fat cattle prices continues, cattle feeding operations may be sharply curtailed. This will tend to increase the total number of cattle slaughtered this fall and to reduce slaughter next spring and summer when the feeders purchased this fall would be marketed as fed cattle.

Marketings of slaughter cattle were reduced sharply during the first half of May, following the announcement of ceiling prices for beef. Marketings have since increased, but total slaughter for the month was a little smaller than a year earlier for the first time in over a year. Inspected cattle slaughter during the preceding 4 months (January-April) totaled 21 percent greater than in the first 4 months of 1941.

WOOL

Wool prices weakened slightly in the latter part of May. The weakness was chiefly in medium wools. Quoted prices for 3/8 blood combing bright fleece wools at Boston averaged 49 cents a pound, grease basis, in the last week of May compared with 52.5 cents a pound in the early part of the month. Prices remained unchanged in early June. In the first week of June 1941 prices of similar wools averaged 46.5 cents a pound. The decline in prices in May reflected current large stocks and uncertainty concerning the application of the general Maximum Price Order to recent Army orders for wool textiles. The situation was clarified by Price Regulation No. 157 issued on June 4. This order provides special methods for computing maximum prices for textiles sold to war procurement agencies.

Mill consumption of apparel wool in April averaged 11.1 million pounds a week, scoured basis, and set a new record high. Consumption of apparel wool on a greasy shorn and pulled basis totaled 344 million pounds in the first 4 months of 1942 compared with about 292 million pounds in the corresponding period last year. Although restrictions on mill use of apparel wool for civilian fabrics will continue in the last half of 1942, the reduction in civilian consumption is being more than offset by increased consumption for military use. Consumption of apparel wool is likely to continue at a record level.

Imports of wool will require special authorization from the War Production Board beginning July 2, under a revision of General Imports Order No. 63. However, imports of apparel wool contracted for prior to the date of order will not be prevented.

POULTRY PRODUCTS

A record production of eggs is in prospect for the remainder of 1942. And with the large storage stocks to supplement production, supplies for domestic consumption probably will be somewhat larger than a year earlier despite the large quantities of dried eggs that will be purchased for export under the lend-lease program. Because of the strong domestic demand, prices received by farmers for eggs are likely to continue to average higher than a

year earlier. Egg production is likely to continue larger into 1943 since a material increase in the number of layers is probable following the larger number of chickens being raised this year.

The number of layers on farms in May this year was 14 percent larger than in May 1941 and egg production was 16 percent larger. Output of eggs for the first 5 months also was 16 percent larger than in corresponding months last year. The average price received by farmers for eggs in mid-May - 26.5 cents per dozen - was the highest for the month since 1920 and was about 32 percent higher than a year earlier. Wholesale egg prices in mid-June were slightly higher than in mid-May. The egg-feed price ratio is favorable for egg production.

Supplies of chicken will be larger than last year during the last half of 1942 but, because of the prospective strong demand for all meats, prices received by farmers for chickens are likely to continue to average higher than in the corresponding period of 1941. Net storage withdrawals of poultry in the last several weeks have been unusually heavy and receipts of dressed poultry at principal markets have been heavier than a year ago. The average price received by farmers for chickens in mid-May was 18.4 cents - 14 percent higher than in May 1941. Since mid-May wholesale prices of live fowl have declined slightly, but prices of young chickens on the average have strengthened.

DAIRY PRODUCTS

Present and prospective price differentials between dairy products are expected to bring about a substantial curtailment of evaporated milk production in areas where drying facilities are available, and a diversion of the milk to butter and dried skim or to dried whole milk. In the first half of 1942 percentage changes from a year earlier in the production of manufactured dairy products probably will be about as follows: Creamery butter down 6 percent, evaporated milk and American cheese each up 30 percent, and dried skim milk for human consumption up 45 percent. In the last half of 1942 the percentage changes from a year earlier may be as follows: Creamery butter up 5 to 10 percent, evaporated milk down perhaps 10 to 25 percent, American cheese up not more than 10 percent, and dried skim milk for human consumption up 50 to 100 percent.

The present guaranteed minimum price for butter will cause both butter and butterfat prices to average higher in the last half of 1942 than in the corresponding months of 1941. Prices of dried skim milk also are expected to average higher, so that the combined milk equivalent value of butter and dried skim milk probably will average about the same or somewhat higher than did the milk equivalent value of evaporated milk in the last half of 1941. On the other hand, prices of evaporated milk and possibly of cheese may average considerably lower than a year earlier. Nevertheless, the average price received by farmers for all milk sold is expected to average only a little higher than in the last half of 1941.

Total milk production on June 1 was more than 3 percent larger than a year earlier, but production per cow was only slightly larger. With more cows on farms and ample feed supplies on hand, total milk production during

coming months is likely to continue somewhat larger than a year earlier. However, with dairy product-feed price ratios about the same or slightly lower than the 1920-34 average for corresponding months, production per cow may be slightly smaller than in the last half of 1941.

POTATOES

Prices for early potatoes are much higher than last year, due to improved demand and rapid disappearance of old potatoes during the spring months. Although prices are declining seasonally, prospects are that 1942 prices will continue relatively high. Planting intentions indicate little increase over 1941 in the late crop which supplies most of the Nation's potato requirements.

Early and intermediate (1) production of potatoes is expected to be only slightly below the 36.6 million bushels produced in 1941. About half of the spring and early summer production is in the early (2) States now completing shipment, with most of the balance in the intermediate (1) States. Higher yields this year are offsetting acreage reductions as compared to last season, particularly in Virginia where there was a considerable reduction in acreage. In the intermediate (2) area, for which production estimates are not yet available, the present acreage estimate is 63,700 compared to 67,400 last year.

TRUCK CROPS

Supplies of fresh vegetables continue more abundant than last year, but because of improved demand prices are averaging higher. The estimate of total tonnage for all crops for which reports have been made to date is 17 percent more than for the same crops last year. Acreage of these crops was increased about 10 percent. Principal tonnage increases were in early crops of cabbage, celery, lettuce, onions, spinach, and tomatoes. Rail shipments of all truck crops are much heavier this year, reflecting increased production, improved demand, and probably some diversion from truck to rail movement. Acreage of all truck crops for fresh market in 1942 is estimated about 1 percent larger than last year.

Indications are that supplies through the summer will continue larger than in 1941, but that these increases will be much less pronounced than in the spring months. Commercial production this month is around 7 percent above last June, with volume of celery, cucumbers, lettuce, and green peas smaller than in June 1941.

With seasonal declines now taking place, prices for most vegetables are remaining above prices a year earlier, although snap beans and onions are marked exceptions. Moderate increases in prices relative to last year are likely through the summer unless crop prospects are materially altered. This season the Agricultural Marketing Administration, by designating weekly "Victory Food Specials," is trying to guide consumer demand into the purchase of those fresh vegetables in particular abundance in major consumption centers.

FRUITS

Total fruit production in the 1942-43 season will be large, but present indications are that it will be slightly below that of last season. The decrease in the total supply of fruit available for domestic civilian consumption during the coming season will be greater than the prospective decrease in production since larger quantities of fresh and processed fruits will be purchased this season by the Government for the armed forces and lend-lease shipment. Fruit prices in general will average considerably higher this season than last.

The Department recently announced a purchase program for raisins, prunes, apples, peaches, and pears, dried in the Pacific Coast States. The program provides for (1) announced grower prices, to be supported by Agricultural Marketing Administration purchases from growers and processors, and (2) a request that processors reserve a part of their pack from this year's crop for Government purchase. Purchases of the natural condition dried prunes and raisins meeting Government specifications will be made at rough average prices per ton of \$135.00 and \$105.00, respectively, compared with 1941-42 averages of \$70.02 for dried prunes, and \$81.76 for raisins. Maximum wholesale and retail prices have been established for raisins, but not for dried prunes.

Peach production is indicated, as of June 1, to total 67.4 million bushels compared with 74.2 million in 1941. The clingstone crop in California is indicated to be 27 percent greater this year, and the freestone crop is indicated to be 10 percent greater. The freestone variety will be used largely for drying this year. Prices of Georgia and North and South Carolina peaches in the first week of the peach season averaged considerably above prices in the first week of the 1941 season. The southern peach season is earlier than last year when the major part of the crop was marketed in a shorter than normal period of time. Transportation difficulties may occur when the North and South Carolina peaches are harvested, since roughly 60 percent of these peaches have been marketed by truck in the last few years.

Production of pears is indicated, as of June 1, to total 29.3 million bushels compared with 29.5 million in 1941.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND Base Period	INDUS- TRIAL PRO- DUCTION ¹	FACTORY EMPLOY- MENT ²	FACTORY PAY ROLLS ²	INCOME OF IN- DUSTRIAL WORKERS ³	WHOLE- SALE PRICES OF ALL COMMOD- ITIES ⁴	RETAIL FOOD PRICES ⁵	COST OF LIVING, URBAN ⁶	PRICES RECEIVED BY FARMERS ⁷	PRICES PAID BY FARMERS	PRICES PAID BY FARMERS, INTEREST AND TAXES	RATIO OF PRICES RE- CEIVED TO PRICES PAID INCL. INTEREST & TAXES	CASH INCOME FROM FARM MAR- KETINGS ⁸
1929	110	108	127	134	118	133	122	146	153	166	88	190
1930	91	94	103	110	107	126	119	126	145	158	80	152
1931	75	80	78	85	91	104	109	87	124	138	63	107
1932	58	68	54	59	80	86	98	65	107	120	54	80
1933	69	75	58	61	82	84	92	70	109	118	59	89
1934	75	88	74	77	93	94	96	90	123	128	70	106
1935	87	93	86	87	99	100	98	108	125	130	83	119
1936	103	101	99	100	100	101	99	114	124	129	88	139
1937	113	111	118	117	107	105	103	121	130	134	90	148
1938	89	93	91	91	98	98	101	95	122	127	75	129
1939	108	102	106	105	96	95	99	93	121	127	73	132
1940	123	110	122	119	98	97	100	98	123	128	77	141
1941	156	130	172	163	108	105	105	122	133	136	90	188
1941												
Apr.	144	125	153	142	103	101	102	110	124	129	85	169
May	154	128	164	157	105	102	103	112	125	130	86	176
June	159	131	175	167	108	106	105	118	128	132	89	175
July	160	136	182	173	110	107	105	125	130	133	94	179
Aug.	160	136	183	174	112	108	106	131	133	136	96	186
Sept.	161	135	187	177	114	111	108	139	136	138	101	200
Oct.	163	136	189	178	115	112	109	139	139	141	99	203
Nov.	166	137	192	180	115	113	110	135	141	143	94	205
Dec.	167	138	197	187	116	113	110	143	142	143	100	244
1942												
Jan.	171	138	208	196	119	116	112	149	146	146	102	243
Feb.	172	138	205	194	120	117	113	145	147	147	99	236
Mar.	172	138	205	194	121	119	114	146	150	150	97	231
Apr. ⁹	174	138	211	202	123	120	115	150	151	151	99	246
May ⁹	--	--	--	--	123	--	--	152	152	152	100	--

¹Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.

²Bureau of Labor Statistics, adjusted for seasonal variation and converted from the 1923-25 base (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).

³Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised November 1941. To convert to 1924-29 base, multiply by 78.0744 percent.

⁴Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

⁵Bureau of Labor Statistics.

⁶Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

⁷August 1909-July 1914 = 100.

⁸Adjusted for seasonal variation, converted from 1924-29 = 100 to 1910-14 = 100.

⁹Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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